

Point 3. of the Staff Committee assignment reads as follows:

"Point 3. Analyze and present for policy consideration the trends within the CoCom in support of economic defense:

- (a) is support for economic defense as presently limited by the CoCom list strong enough to maintain the status quo or is there a prospect for further weakening?"
- (b) are the present CoCom controls adequate to achieve a substantial impact on the military potential of the Soviet Union (Defense Department's judgment seemed to be to the contrary)?"

Generally speaking, the Staff Committee felt that there is Participating Country support for maintenance of the multilateral security trade control system, even though for somewhat varying reasons. Among them, some felt that the continuation of U. S. more restrictive controls than those maintained by most P's gave a commercial advantage to the other P's of a character sufficient to justify their support. While it was recognized that in the view of some P's the multilateral security trade control system tended to increase international tensions, other P's felt the controls had real security value because of their multilateral impact on the Sino-Soviet bloc. Lastly, it was felt that the maintenance of the CoCom provided a ready organizational framework under which prompt action could be taken in the event the cold war became hotter or in the event of actual military engagement such as occurred in North Korea.

With respect to Point 3. (a), it was the consensus of the Working Group that there is no evidence at present of any planned and determined attack on the existing CoCom controls. However, it can be reasonably anticipated that individual P's will suggest some relaxations of controls on a selective basis in the October 1959 list review. It can also be reasonably expected that one or more of the P's will propose that certain additional items or increased coverage of some existing items, again on a selective basis, be added to the CoCom lists in this same 1959 list review.

Of particular note, the Committee considered the question of tying the activities of the CoCom into closer alignment with the NATO since the security aspects of the controls are given a great deal more consideration in the NATO than in the CoCom. (More on this under Point 4.)

Point 3. (b). As indicated in the <sup>statement</sup>, the Department of Defense judgment is to the effect that the present CoCom controls are somewhat deficient in achieving a <sup>substantial</sup> ~~substantial~~ impact on the military potential of the Soviet Union. This, however, is directed more to the control over specific items and commodities than to the overall impact of the control system. An analysis of the results of the 1958 CoCom list review made by the Department of Defense is attached as Annex 11.

However, while the Committee agreed in part to the inadequacy of the control of certain items and commodities as indicated by the Department of Defense, the Committee also agreed with the evaluation contained in RF 59,

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NIS 100-4-54 and NIS 100-8-58 that the overall impact of the controls was marginal with respect to the build-up of the war potential of the Sino-Soviet bloc, before the 1958 list review and that this marginal impact has not been materially changed by the relaxations that took place pursuant to the 1958 list review.

Point 4. of the Staff Committee assignment reads as follows:

"Finally, this Task Group should present for consideration conclusions as to the implementation of current NSC policy not achieving the current policy's stated objectives."

The Staff Committee considered the statement of policy and concluded that, except with respect to a number of points mentioned below, implementation of the current NSC policy had been reasonably carried on in attempting to achieve the policy's stated objectives. While the Committee recognized that the stated objectives of the policy had not been achieved in a manner satisfactory to the members, it was the consensus that such an achievement was extremely difficult. In the final analysis, the scope and degree of multilateral security trade controls is a matter for each of the several governments involved to determine since the entire organization is completely voluntary in nature. Basically, therefore, the principal tool which is available to the U.S. in achieving its policy objective is one of persuasion. Of equal consideration is the fact that differing economic, political and social situations within the various participating countries bring about differing pressures. For example, the increasing standard of living brought about by increased production through recovery of Western Europe and Japan from World War II and the need for the maintenance of stable and expanding economies and high levels of employment has created pressures on these governments for expansion in export markets.

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*NSC 5104*  
Specifically, however, the Group felt that closer attention might be given to implementation of paragraph 10 of the policy statement, recognizing, however, that actions of an implementing nature were quite diverse and frequently involved agencies and departments not normally within the economic defense community and, in some cases, American business itself. Basically, therefore, the Committee felt the essence of a regularly constituted government group to deal with this problem was a deterring factor in its implementation.

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*Technical*  
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In another important respect the Staff Committee felt that implementation of the objectives of the policy statement with respect to the control of technical data might well be the subject of greater attention. The complexities of this problem which, to a more or less degree, involve connotations of censorship, were fully recognized. However, the Committee noted that the problem was one receiving active consideration within the Department of Commerce and on which those agencies and departments involved in the economic defense program would shortly be requested to provide advice.

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A third point relative to implementation of the policy concerned a closer tie of the security trade control program into the NATO organization. The Committee agreed that, while very little had been done toward implementing this provision of the policy, this relative inaction had not been a failure on the part of the agencies involved to deal with the problem, but rather a recognition that such actions must be carefully considered as to timing and initiation and that the decisions to defer action had been taken for good and sufficient reasons. In this connection, it felt that because of a growing concern within NATO over the threat posed by the Soviet Union in its economic warfare and penetration activities, the U. S. might find it desirable to introduce into the CoCom broadened terms of reference to encompass greater coordination with NATO in adoption of counter measures. As an alternative, however, perhaps consideration might be given by the U. S. to foster cooperation in NATO of these problems without the involvement of CoCom, but with the hope and expectation that such involvement might come without U. S. initiation.

Lastly, the effect of the East-west exchange program, *may have an effect* ~~which although not covered under existing economic defense policy was covered under another~~ ~~the policy, based on the control of goods and technology, particularly the~~ latter. For example, the permission granted to members of Soviet bloc delegations to the U. S. to view the modern equipment and benefits of advanced technology made it difficult and might have an adverse effect upon relations when, because of economic defense policy reasons, it was found necessary to deny those countries' exports of the same equipment and technology. However, the Committee noted that such visits were evaluated by a group other than that concerned with the economic defense policy to assure that a net advantage was expected to accrue to the United States from such visits and that the access of such groups to plants and facilities involved in strategic production or research was carefully regulated.

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